



"ENSURING INVESTOR PROTECTION"

SEC News

SECURITIES AND EXCHANGE COMMISSION GHANA QUARTERLY NEWS

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New Minister of Finance Takes Office



The President, His Excellency John Dramani Mahama sworn in Hon. Seth Terkper as Minister of Finance and Economic Planning in January, 2013. Prior to his appointment as the substantive Minister, Mr. Terkper was the Deputy Minister in the Ministry of Finance and Economic Planning (MOFEP) from March 2009 to January 2013, working mainly on the Budget and Medium-Term Expenditure Framework (MTEF) as well as on revenue policy and administration.

Hon. Seth Terkper is a Chartered Accountant by profession.

30th IOSCO AMERC Annual Meeting Held In Dubai, United Arab Emirates

The 30th IOSCO AMERC annual meeting was held in the Ritz Hotel, Dubai International Financial Centre, United Arab Emirates from 18th -19th February 2013. Fourteen (14) member countries were present.

The Securities and Exchange Commission, Ghana was represented by Mr. Adu Anane Antwi, the Director-General and Mr. Francis Boadu, Manager, Broker-Dealers & Advisers Department. Issues discussed at the meeting included transparency and disclosures, risk identification and management, related party transactions, risk-based supervision and corporate governance. Other topics were the financing of small companies, Islamic financing and the use of technology in the capital market.

There was also a unanimous decision by the Commissions to work in close collaboration with their respective policy makers to formulate programmes that would support capital market development in their respective countries.

The next AMERC meeting will be held in 2014 in Zambia.

Training on Market Surveillance System (Mss) and Regulatory Compliance Portal (RCP).



The Securities and Exchange Commission organized a training program for its staff on the use of the Electronic Market Surveillance System (Stock Monitoring) and Regulatory Compliance Portal during the months of February and March.

The aim of the Commission's Regulatory Compliance Portal (RCP) is to provide an all-in-one web portal equipped with on-line digital library, information portal and an interface between the activities of the Commission and all its external stakeholders as well as electronic filing of vital information which the Commission needs to carry out its mandate. Consequently, market operators were also trained on the use of the portal.

The Electronic Market Surveillance System allows for real-time monitoring of the stock market to detect market manipulation and other abuses in a quick and easy manner.

The training took place at the Ghana Stock Exchange and the Ghana-Korea Information Access Centre at the University of Ghana.

Technical Committee Meeting On Capital Markets Integration In West Africa And Inauguration Of The West African Capital Markets Integration Council (WACMIC)

(Hosted By The Securities And Exchange Commission, Nigeria) January 16 – 18, 2013

1.0. Technical Committee Meeting

The technical committee meeting on capital markets integration in West Africa was held from January 16 – 18, 2013. The event was hosted by the Securities and Exchange Commission, Nigeria (SEC Nigeria) at the International Conference Center, Abuja, Nigeria. The objective of the meeting was to design the modalities for the way forward on the implementation of the long standing capital markets integration initiative in West Africa.

In attendance were delegates from Securities & Exchange Commissions, Stock Exchanges and their Depositories, West African Monetary Institute (WAMI) and representatives of market operators (brokers, issuing houses, custodians and registrars) from across the sub-region.

1.1. Highlights of the Meeting

In her welcome address, the Director General of SEC Nigeria, Ms. Arunma Oteh, gave her hearty welcome on behalf of SEC Nigeria and thanked WACMIC for the opportunity to host the technical committee meeting.

She highlighted some of the challenges that West African nations had faced over the recent past because of the absence of medium to long term capital, insufficient domestic mobilization of savings, and in some cases, the lack of world class corporate governance practices. She hoped that the meeting would mark an important milestone for the region and entreated each of the Exchanges to play its part.

The opening remarks by the Acting Director General, WAMI, Mr. J. H. Tei Kitcher, was delivered by Dr. Eunice Egbuna (Director, Financial Integration Department, WAMI). Mr. Kitcher expressed satisfaction that the governance structure of the WACMIC had been established; the draft Charter and Terms of Reference and Guidelines, as well as the Technical Committee of the Council had been perfected.

He expressed hope that the meeting would culminate in the inauguration of the Council at the ECOWAS Commission. He reminded delegates about the various propositions that had been articulated, including harmonization

of regulatory frameworks, the need to increase automation, demutualization of the Exchanges, promotion of institutional infrastructures among others. He reiterated WAMI's commitment to the cause of capital markets integration in the West African Monetary Zone (WAMZ) in particular, and the West African sub-region in general. A brief remark was also given by Mr. Oluonye, the ECOWAS Commission representative who was happy to be given the opportunity to lend an ECOWAS voice on the agenda.

During the meeting, the Technical Committee was grouped into two: - Legal/Regulatory and Operations. The Legal/Regulatory sub-committee's task focused on membership, listings, regulatory and legal frameworks, while Operations was tasked with deliberations on depositories, trading, clearing and settlements issues.

2.0 Inauguration of WACMIC

The inauguration of the West African Capital Market Integration Council (WACMIC) was officially conducted at the ECOWAS Commission, Abuja, Nigeria on January 18, 2013. Administered by the ECOWAS President, His Excellency Kadre Desire Ouedraogo, who was represented by Mr. Hamid Ahmed, Commissioner for Trade, Industry, Customs and Free Movement, the inauguration ceremony was attended by the Heads of Securities Commissions and Stock Exchanges in Nigeria, Ghana, Sierra Leone and BRVM (the single market of the eight franco-phone West Africa Countries).

Council members signed the Charter and gave commitment speeches. They promised to commit resources and personnel to ensuring that the goal of capital markets integration in the sub-region is realized and urged the ECOWAS Commission to provide leadership support to help them discharge their responsibilities on the Council.

The common theme in the Council members' pronouncement was that the Charter represented a milestone in the anal of capital markets integration in ECOWAS. Ecowas pledged its support for the intergeneration efforts of the Council, while noting that in a globalised world economy, the only way to go to achieve economies of scale is the way of markets integration.

Workshop on SEC's 5-year Strategic Plan



The Securities and Exchange Commission held a workshop for market operators of the securities industry on February 22, 2012 at the Capital View Hotel in Koforidua. The workshop was to present to market operators the 5-year strategic plan of the Commission which had been developed with input from market operators and was expected to be the blue print of the capital market for the next 5 years.



The Director-General of SEC Ghana, Mr. Adu Anane Antwi, welcomed participants to the workshop and commended them on their impressive turnout.

On public education which was a major component of the plan, the Director-General indicated that plans were underway to institute a comprehensive educational program which would require the participation and support of all operators.



For the start, the Commission in collaboration with market operators will encourage the formation of investment clubs in various Senior High Schools. A Child Finance Club with a child friendly web portal will be launched for children which will enable them learn and interact online on issues relating to Finance and Investment.

On the supply side, participants deliberated on ways to increase the number of products available on the market. The Deputy Managing Director of the Ghana Stock Exchange (GSE) Mr. Ekw Afedzi assured participants that the GSE was collaborating with the SEC to get more companies to list on the bourse to curb the current liquidity problem.



Market operators on their part were happy with the consultative nature of the workshop and looked forward to many more such collaborations with the regulator in the future.

Training and Capacity Building of SEC Staff

IOSCO Enforcement Training Workshop

Two staff of the SEC, Mrs. Naomi Simpson and Mr. Frederick Kwasi Dah attended a four day intensive hands-on workshop on Enforcement at Securities and Commodities Authority premises in Dubai from 4th to 7th March, 2013. Participants were drawn from 20 jurisdictions across the world.

The Workshop centered on the stages, processes and appropriate methods of conducting investigations into securities offences. There were speakers from IOSCO/FINRA, Dubai Financial Services Authority, Securities and Commodities Authority of Dubai, Singapore Monetary Authority and Autorité des marchés financiers (Québec), Canada



Participants and Speakers at the Workshop in Dubai

Compliance Officers and Capital Market Fora Held

During the quarter the SEC held the first of its Compliance Officers Forum and Capital Market Forum for the year. The fora were held on the 25th and 26th of March respectively, at the University of Development Guest House in Accra.

The fora provided a platform for both the SEC and its regulated entities to discuss issues of mutual benefit which will go a long way towards the development of the capital market in Ghana. Key compliance concerns were raised and ideas were shared on how best to improve operators' compliance with the rules and regulations of the securities industry.

Presentation to Ga North District Society of the Institute of Chartered Accountants, Ghana

The Director-General, Mr. Adu Anane Antwi at the request of the Ga North District Society of the Institute of Chartered Accountants made a presentation to the group on 'Understanding the Activities of the SEC'. Topics discussed included the mandate of the SEC, institutions regulated by the SEC and current programmes being undertaken by the SEC to ensure effective regulation and the development of the Capital Market.

Approvals

During the period, the following approvals were given to various entities to operate as follows:

Company	License Category
<i>CDH Asset Management Ltd</i>	<i>Investment Advisory</i>
<i>Lifeline Asset Management Ltd</i>	<i>Investment Advisory</i>
<i>McOttley Capital Ltd</i>	<i>Investment Advisory</i>
<i>ASN Investment Ltd</i>	<i>Investment Advisory</i>
<i>Weston Capital Ltd</i>	<i>Investment Advisory</i>
<i>MEC-ELLIS Investment Ghana Ltd</i>	<i>Investment Advisory</i>
<i>Worldwide Investments Ltd</i>	<i>Investment Advisory</i>
<i>IC Asset Managers Limited</i>	<i>Investment Advisory</i>
<i>Sirius Opportunity Fund Ltd</i>	<i>Mutual Fund</i>
<i>SNNIT</i>	<i>Primary Dealer</i>

Maiden Meeting Of The West African Capital Markets Integration Council (WACMIC) Held In Abidjan, Cote D'ivoire



In Picture, From left to right Mr. Ekow Afedzie, DMD, GSE; Mr. Adu Anane Antwi, DG, SEC Ghana; Mr. Oscar Onyema, CEO, NSE and Mr. Edoh Kossi Amenounve, CEO, BRVM

The inaugural meeting of the West African Capital Markets Integration Council (WACMIC) was held in Abidjan, Cote D'ivoire on March 18, 2013. It was attended by council members as well as members of the Technical Committees and Secretariat.

The Chief Executive Officer of the Nigerian Stock Exchange, Mr. Oscar Onyema, was elected as Chairman of the Council in accordance with Article 5 of the Council Charter. Members also resolved to create the position of a Vice Chairman who would assist the Chairman in the discharge of his duties. It was agreed that the candidate for the position should come from a country different from that of the Chairman. After much deliberation, Mr. Edoh Kossi Amenounve, Chief Executive Officer of Bourse Régionale des Valeurs Mobilières (BRVM) was elected as the inaugural Vice Chairman to serve for a one year tenure.

Thereafter, members reviewed reports submitted by the Legal/ Regulatory and Operations Sub-Committees. The report of the Legal/ Regulatory Sub-Committee highlighted areas of divergence and convergence of the rules and regulations of the different jurisdictions and proposed recommendations to cover observed gaps. The Sub-Committee was charged at the meeting to harmonize listing Rules as well as standardize rules for common passport and mutual recognition across the region.

The Operations (Trading, Clearing, Settlement and Depository) Sub-Committee was also charged to study best practices in the area of capital market integration in order to develop appropriate and sustainable strategies for the West African situation.

After the report by the Sub-Committees, Dr. Eunice Egbuna (Director, Financial Integration Department, WAMI) made a presentation on funding needs and potential sources. She reported that WAMI had funds (though limited) available for the integration. The Secretariat was also tasked to explore ECOWAS funding as the regional organization had indicated its willingness to financially support the Council at the latter's inauguration in January.

Ghana's delegation to the meeting was made up of Mr. Adu A. Antwi, Director-General of the Securities and Exchange Commission, Mr. Kofi Yamoah, Managing Director, Mr. Ekow Afedzie, Deputy Managing Director, and Mrs. Joyce Boakye, Manager, all of the Ghana Stock Exchange.

National Bonds Market Committee (NBMC II) undertakes study visits to United Kingdom and South Africa

The National Bonds Market Committee II sent two teams of committee members to the United Kingdom and South Africa to study the Bonds Market of those countries. Ms. Leonie Atayi and Mr. Jacob Aidoo, SEC representatives on the NBMC II, participated in the teams to the United Kingdom and South Africa respectively.

The United Kingdom visit was from 11th to 14th March 2013, took the team to relevant institutions including the following:

- London Stock Exchange (LSE)
- Fitch Ratings
- Transport of London
- Network Rails
- Standard and Poors
- UK Debt Management Office

The study visit to South Africa which was undertaken from 25th to 28th March 2013, took the team to relevant institutions including the following:

- The National Treasury of the Republic of South Africa
- Financial Services Board (FSB)
- Johannesburg Stock Exchange (JSE) Limited
- Strate; the Central Securities Depository of South Africa
- Stanlib Assets Management
- Standard & Poor's Rating Services (South Africa)
- Edward Nathan Sonnenbergs (Securities Law Firm)

The purpose of the visits was to study the role the institutions play in the Bonds Market architecture in the two countries. The experiences shared will inform the recommendations of the NBMC II to the Government which will result in activating the Corporate Bonds Market in Ghana.

Workshop On SEC Licensing Requirements

The Securities and Exchange Commission (SEC) on Friday, 22nd March 2013 held a one day workshop on SEC's present licensing requirements and new requirements proposed under the Securities Industry Bill. The workshop which was attended by market operators was organized with the aim of keeping the market abreast with SEC licensing requirements and procedures and solicit from operators ways of improving the licensing regime.

The Director-General of the SEC, Mr. Adu A. Antwi, who made the presentation on behalf of the SEC stressed the importance for market operators to at all times be abreast with both current and changing licensing requirements of the SEC. He informed participants that, when the new Securities Industry Bill is passed into law, new categories of operators will fall under the licensing regime of the SEC. These new licensee categories included commodities and futures exchanges, credit rating agencies, hedge funds, private equity funds, venture capital funds, nominees and market makers.

He also indicated that, as part of the list of documents to be submitted before grant of a license to a prospective operator, the SEC will require the Registration and Current Practice License of all Auditors of Market Operators. He said that considering the number of failed financial institutions in the global market and the role played by auditors, it was imperative that only duly qualified and practicing auditors were allowed to operate within the securities industry.

"Early Birds" for the Quarter



Mrs. Mary Kyere-Diabour of the Funds Management Department and Mr. Peter Atsu Agbello of the Human Resource and International Relations Department have been adjudged joint most punctual employees for the period January - March 2013. SEC news congratulates them on being the "Early Birds" for the quarter.

Meeting Of Financial Sector Regulators

The Regulators forum met at the Head Office of the Bank of Ghana for their normal semi-annual meetings. Resolutions emanating from the meeting were as follows:

- 1) Each regulator (Securities and Exchange Commission, Bank of Ghana, National Insurance Commission, and National Pensions Regulatory Authority) is to provide a complete and list of licensed operators on its website. The list should be updated as often as necessary. Web links are to be provided to link to each other's (regulators) website.
- 2) Each regulator is to develop a database of licensed and unlicensed persons who have exited the respective sub-sectors due to criminal offence. Each regulator is to check new applicants for licensing against this database before a license is issued to the applicant.
- 3) Financial stability concerns should no longer be the preserve of the Bank of Ghana. A framework is to be built for all sectors of the financial industry to be included in developing the needed system to ensure the stability of the financial sector.

Knowledge Bank

In this and subsequent series, we will explore the topic of Collective Investment Scheme.

What Are Collective Investment Schemes?

Collective investment schemes are pools of funds that are managed on behalf of investors by a professional money manager. The manager uses the money to buy stocks, bonds, or other securities according to specific investment objectives that have been established for the scheme. In return for putting money into these funds, the investor receives shares or units that represent his/her pro-rata share of the pool of fund assets. In return for administering the fund and managing its investment portfolio, the fund manager charges a fee based on the value of the fund's assets.

Collective investment schemes in Ghana take the form of either a Mutual Fund or a Unit Trust. The characteristics of collective investment schemes in Ghana are provided for in the Securities Industry (Amendment) Act 2000 (Act 590) and are not necessarily the same as those of other jurisdictions.

It is worth noting that variations exist in collective investment schemes from jurisdiction to jurisdiction. The definitions in this brochure are based on the current Securities Industry Law of Ghana.

What Is A Unit Trust?

A unit trust is an arrangement whereby investors' funds are pooled together and used to invest in a portfolio of securities and other financial assets, with the beneficial interest in the assets of the trust divided into units. The funds are managed by a professional manager.

A unit trust is constituted by a document known as the Trust Deed. Under the Securities Industry (Amendment) Act, (Act 590) unit trusts are open-ended funds and their managers stand ready to issue new units or redeem outstanding units on a continuous basis.

Enforcement Actions

During the quarter under review the following companies were sanctioned in accordance with the law for various violations of the Securities laws.

Company	Infringement	Penalty (GH¢)
IC Securities Ghana Ltd	Late submission of 4th Quarter Financial Statements	100
Inter Afrique Ltd	Late submission of 4th Quarter Financial Statements	100
Constant Capital Ltd	Late submission of Monthly (November) Financial Statements	1,500
Serengeti Capital Ltd	Late submission of 4th Quarter Financial Statements	200
Kron Capital Ltd	Late submission of 4th Quarter Financial Statements	100
Apex Capital Partners Ltd	Late submission of 4th Quarter Return	100

Stock Market Statistics

	End Dec. 2012	End March 2013	% Change
<i>Number of Listed Companies</i>	34	34	-
<i>Volume of Trades *</i>	66,737,546.00	68,121,925	2.07
<i>Value of Trades (GH¢) *</i>	35,639,459.75	71,532,210.44	100.71
<i>Market Capitalization (GH¢Million)</i>	57,264.22	57,740.56	0.83
<i>GSE-Composite Index</i>	1,199.72	1,733.47	44.49
<i>GSE-Financial Stock Index</i>	1,039.86	1,551.80	49.23

Capital Market Operators

Category of Licensed Operators	Number (End December 2012)	Number (End March 2013)	Change
<i>Broker-Dealers Only</i>	23	23	-
<i>Investment Advisors (Advisory Only)</i>	7	3	-4
<i>Investment Advisors (Advisory & Fund Mgt.)</i>	63	71	8
<i>Trustee</i>	3	3	-
<i>Custodians</i>	17	17	-
<i>Registrars</i>	4	4	-
<i>Securities Depositories</i>	2	2	-
<i>Stock Exchange</i>	1	1	-
<i>Mutual Funds</i>	17	18	1
<i>Unit Trusts</i>	16	13	-3
<i>Issuing House</i>	1	1	-
<i>Primary Dealers</i>	14	15	1
<i>Exchange Traded Funds</i>	1	1	-
TOTAL	169	172	3

Performance Of Equities on the Ghana Stock Exchange

Name of Company	Closing Price(GhC) 31st December 2012	Closing Price(GhC) March 2013	Gain / (Loss) (GhC)
1. African Champion Indurtries Ltd.	0.07	0.06	(0.01)
2. AngloGold Ashanti Ltd.	37.00	37.00	-
3. Aluworks Ltd.	0.05	0.07	0.02
4. Ayrton Drug Manufacturing Ltd.	0.18	0.17	(0.01)
5. Benso Oil Palm Plantation Ltd.	1.40	3.26	1.86
6. Cal Bank Ltd.	0.38	0.54	0.16
7. Clydestone (Ghana) Ltd.	0.04	0.04	-
8. Camelot Ghana Ltd.	0.14	0.16	0.02
9. Cocoa Processing Co. Ltd.	0.02	0.02	-
10. Ecobank Ghana Ltd.	3.00	4.77	1.77
11. Enterprise Group Ltd.	0.48	0.70	0.22
12. Ecobank Transnational Inc.	0.12	0.22	0.10
13. Fan Milk Ltd.	3.55	5.45	1.90
14. Ghana Commercial Bank Ltd.	2.10	3.22	1.12
15. Guinness Ghana Breweries Ltd.	2.62	3.55	0.93
16. Ghana Oil Company Ltd.	0.62	1.04	0.42
17. Golden Star Resources Ltd.	2.75	2.75	-
18. Golden Web Ltd.	0.04	0.04	-
19. HFC Bank (Ghana) Ltd.	0.45	0.52	0.07
20. Mechanical Llyod Co. Ltd.	0.15	0.23	0.08
21. Poiner Kitchenware Ltd.	0.06	0.06	-
22. Produce Buying Company Ltd.	0.18	0.22	0.04
23. PZ Cussion Ghana Ltd.	0.18	0.26	0.08
24. Standard Chartered Bank Gh. Ltd.	11.50	16.01	4.51
25. SIC Insurance Company Ltd.	0.34	0.30	(0.04)
26. Starwin Products Ltd.	0.05	0.05	-
27. SG-SSB Ltd.	0.48	0.82	0.34
28. Sam Woode Ltd.	0.02	0.02	-
29. Trust Bank Ltd. (The Gambia)	0.40	0.40	-
30. Total Petroleum Ghana Ltd.	23.49	28.60	5.11
31. Transactional Solutions (Ghana) Ltd.	0.04	0.04	-
32. Tullow Oil Plc.	38.05	34.00	(4.05)
33. Unilever Ghana Ltd.	8.52	12.22	3.70
34. UT Bank Ltd.	0.38	0.49	0.11

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